

## Small Business Administration

## § 119.4

executive director, as of the date it files its application with SBA for a PRIME grant.

*Local community* means an identifiable area and population constituting a political subdivision of a state.

*Low-income person* means a person having an income, adjusted for family size, of not more than—

(1) For metropolitan areas, 80 percent of the median income; and

(2) For non-metropolitan areas, the greater of—

(i) 80 percent of the area median income; or

(ii) 80 percent of the statewide non-metropolitan area median income.

*Microenterprise* means a sole proprietorship, partnership or corporation that—

(1) Has fewer than 5 employees, including the owner; and

(2) Generally lacks access to conventional loans, equity, or other banking services.

*Microenterprise development organization or program* means a nonprofit entity, or a program administered by such an entity, including community development corporations or other nonprofit development organizations and social service organizations, that provides services to disadvantaged microentrepreneurs.

*Qualified organization* means an organization eligible for a PRIME grant identified under § 119.3.

*Research and Development Grant* means a grant made under the Act identified under § 119.4(c).

*Severe constraints on available sources of matching funds* means the documented inability of a qualified organization applying for a PRIME grant to raise matching funds or in-kind resources from non-Federal sources during the 2 years immediately prior to the date of its application because of a lack of or increased scarcity of monetary or in-kind resources from potential non-Federal sources.

*Small microenterprise development organization or program* means a microenterprise development organization or program with less than 10 full time employees or equivalents, including its executive director, as of the date it files its application with SBA for a PRIME grant.

*Technical Assistance Grant* means a grant made under the Act identified under § 119.4(a).

*Training and technical assistance* means services and support provided to disadvantaged entrepreneurs, such as, but not limited to, assistance intended to enhance business planning, marketing, management, financial management skills, business operations, or assistance for the purpose of increasing access to loans and other financial services.

*Very low-income person* means having an income adjusted for family size of not more than 150 percent of the poverty line, as defined in section 673(2) of the Community Services Block Grant Act, 42 U.S.C. 9902(2), including any revision required by that section.

### § 119.3 What types of organizations are eligible for PRIME grants?

An organization eligible for a PRIME grant ("qualified organization") is one that is:

(a) A microenterprise development organization or program as defined in § 119.2(q) (or a group or collaborative thereof) that has a demonstrated record of delivering microenterprise services to disadvantaged microentrepreneurs;

(b) An intermediary, as defined in § 119.2(l);

(c) A microenterprise development organization or program as defined in § 119.2(q) that is accountable to a local community, working with a State or local government or Indian tribe; or

(d) An Indian tribe acting on its own, if the Indian tribe can certify that no private organization or program referred to in paragraphs (a), (b) and (c) of this section exists within its jurisdiction.

### § 119.4 What services or activities must PRIME grant funds be used for?

A recipient of a PRIME grant ("grantee") must use PRIME grants to—

(a) Provide training and technical assistance to disadvantaged microentrepreneurs ("Technical Assistance Grant");

(b) Provide training and capacity building services to microenterprise

development organizations and programs to assist them to develop micro-enterprise training and services ("Capacity Building Grant");

(c) Aid in researching and developing the best practices in the field of micro-enterprise development and technical assistance programs for disadvantaged microentrepreneurs ("Research and Development Grant"); or

(d) Conduct such other activities as the Administrator or designee determines to be consistent with the purposes of the Act ("Discretionary Grant").

**§ 119.5 How are PRIME grant awards allocated?**

(a) At least 50 percent of the number of grant awards made under this part will be awarded to qualified organizations that benefit very low-income persons, including those residing on Indian reservations. In general, SBA will make grant award decisions to serve diverse populations by including as recipients both large and small micro-enterprise development organizations, and organizations serving urban, rural, and Indian tribal communities.

(b) SBA will allocate the funding available for awards as follows:

(1) A minimum of 75 percent for Technical Assistance Grants;

(2) A minimum of 15 percent for Capacity Building Grants; and

(3) The remaining 10 percent or less may be allocated by SBA, in its sole discretion to be used for:

(i) Research and Development Grants; or

(ii) Discretionary Grants.

**§ 119.6 What are the minimum and maximum amounts for an award?**

(a) The minimum grant award for Technical Assistance and Capacity Building Grants will be \$50,000 during the first year of the award, subject to the availability of funds.

(b) There is no minimum grant award for Research and Development or Discretionary Grants.

(c) The maximum amount that an individual grant recipient may receive in any fiscal year from a single award or multiple awards, under any of the purposes of the program, may not exceed \$250,000 or 10 percent of the total grant

funds available for award in that fiscal year, whichever is less.

**§ 119.7 How long and in what amounts will grant funding be available to a single grantee?**

(a) Generally, the funding period for a PRIME grant will be one year. Subject to availability of funds and continuing authorization, funding may be available on an annual basis allowing for the initial grant plus up to four option years, for a project period of up to five years. Decisions regarding option year awards and the funding levels of these awards will depend upon availability of funding and the grantee's performance as measured against project objectives and milestones. A grantee that enters into a cooperative agreement must submit a separate application to have the support continued for each subsequent year. In all cases, continuation awards require a determination by SBA that continued funding is in the best interest of the Federal government. Neither the approval of any application nor the entering into of any cooperative agreement commits or obligates the Federal Government in any way to make any additional, supplemental, continuation or other award with respect to any grantee.

(b) For Technical Assistance and Capacity Building Grants, after a grantee receives an initial grant, funding for any option year(s) must be no more than 67 percent of the initial grant amount.

(c) For Research and Development and Discretionary Grants, after a grantee receives an initial grant, funding for any option year(s) will be approved at the discretion of the SBA.

(d) In the final year of a project, grantees may apply to extend the expiration date of a grant if additional time beyond the established expiration date is required to assure adequate completion of the original scope of work within the funds already made available. For this purpose, the grantee may make an extension request for a one-time, no-cost extension, not to exceed 12 months, prior to the established expiration date. Written notification of such an extension, with the supporting reasons, must be received by the SBA